

Auto Industry Mini Session


2023: A better year than many had hoped

CHICAGO FED ECONOMIC OUTLOOK SYMPOSIUM

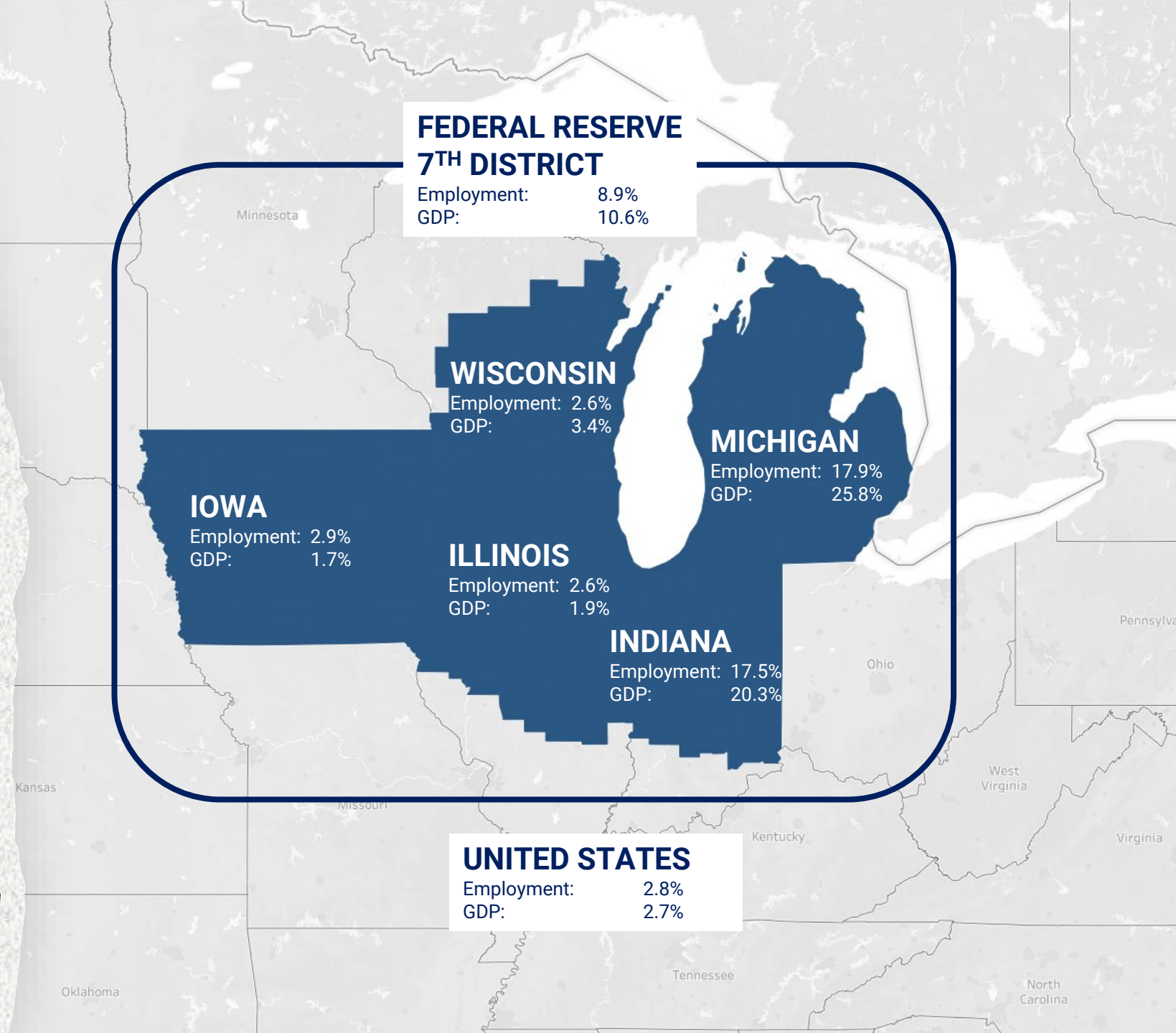
1 DECEMBER 2023
CHICAGO, ILLINOIS

KRISTIN DZICZEK, POLICY ADVISOR—REGIONAL ANALYSIS & COMMUNITY DEVELOPMENT
FEDERAL RESERVE BANK OF CHICAGO

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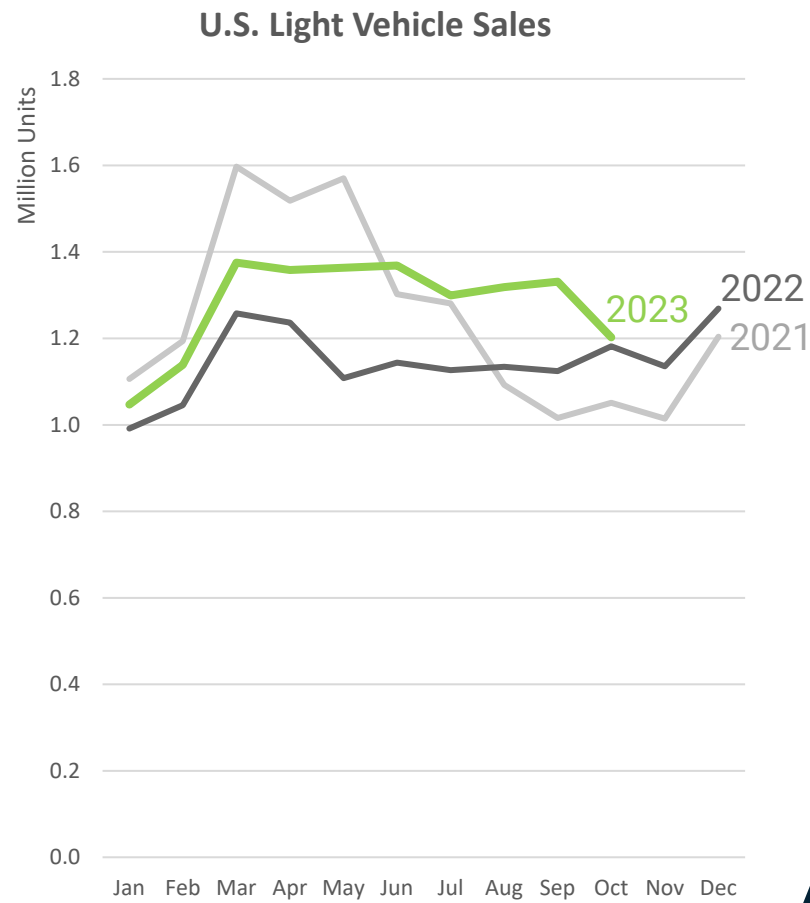
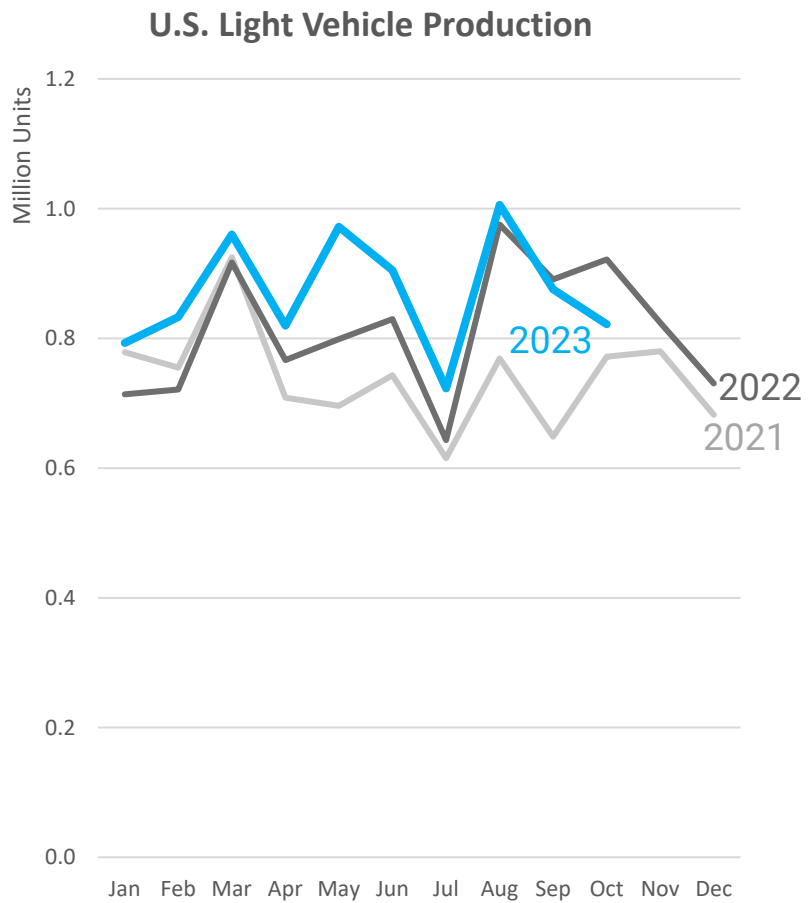
1. Production, Sales, Prices, & Inventories
 2. The Electric Vehicle Market
 3. Economic Impact of the UAW strike
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Everything about the auto industry—the good & the bad—is felt more strongly in the Chicago Fed’s 7th District due to industry agglomeration



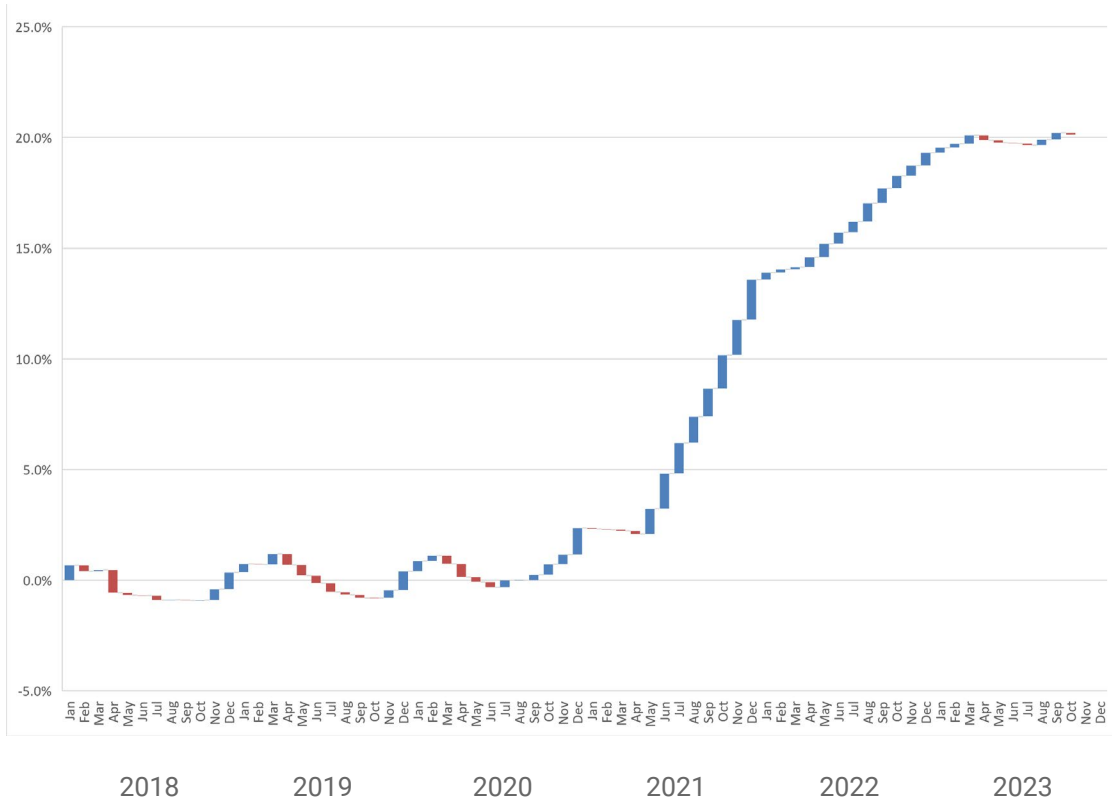


Production, Sales, Prices, & Inventories

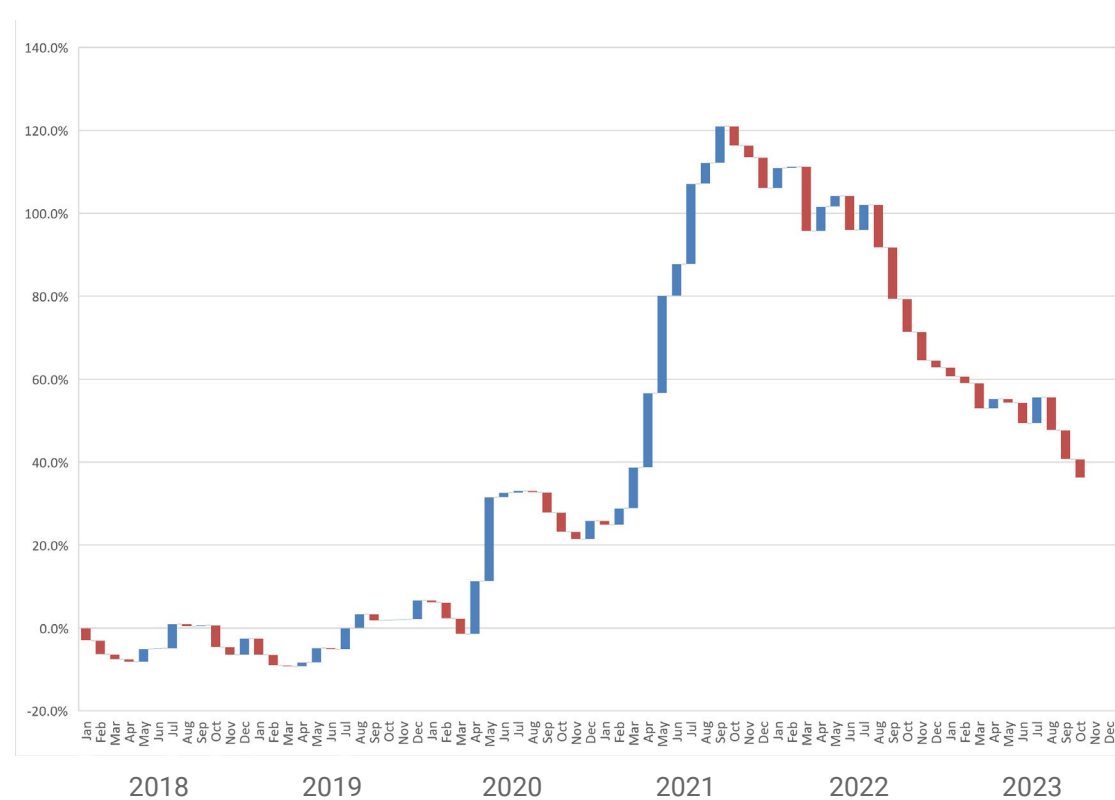


U.S. Light Vehicle Production & Sales 2019-2023YTD

% Change in Real New Light Vehicle Prices



% Change in New Light Vehicle Inventory



Source: Federal Reserve, Wards Informa, and U.S. Department of Labor, Bureau of Labor Statistics, CPI-U New Vehicles & Used Car & Trucks

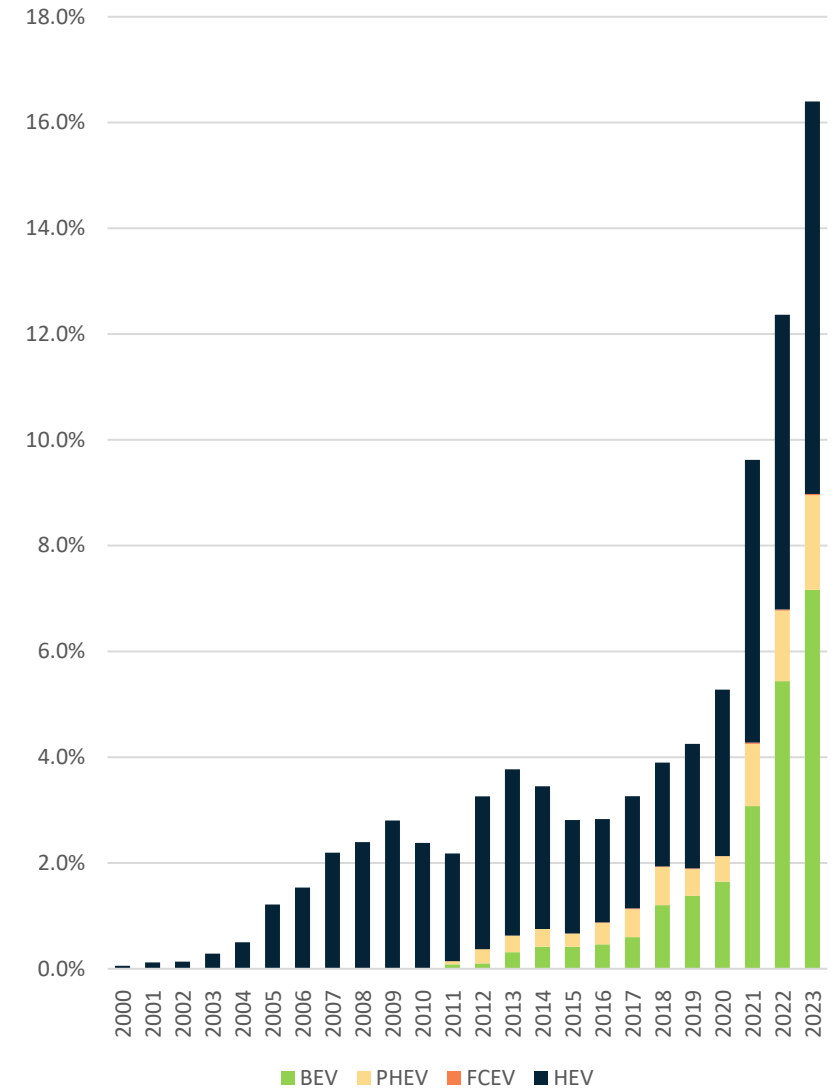


The Electric Vehicle Market

The EV Market

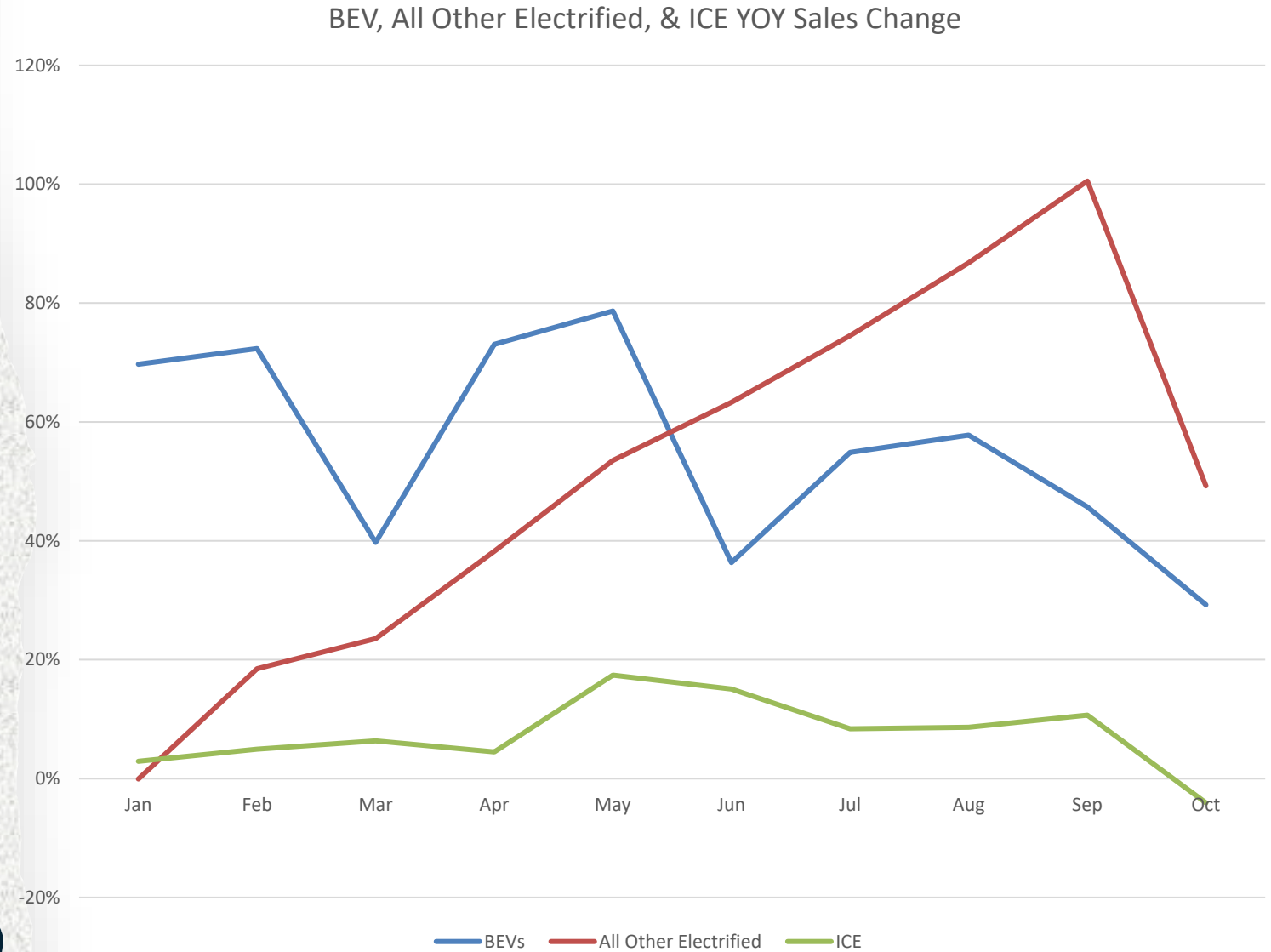
- Market share of plug-in vehicles (BEV, PHEV, & FCEV) has risen to 9% 2023 YTD vs. 5.3% in 2022 (+36% YoY growth)
- Hybrid market share has risen to 7.4% 2023 YTD vs. 5.6% in 2022 (+32% YoY growth)
- But...Ford, Tesla, Honda & GM all have announced slower growth in their BEV plans in Q2 & Q3 financial results

BEV, PHEV, FCEV, & HEV Share of U.S. Sales, 2000-2023 YTD



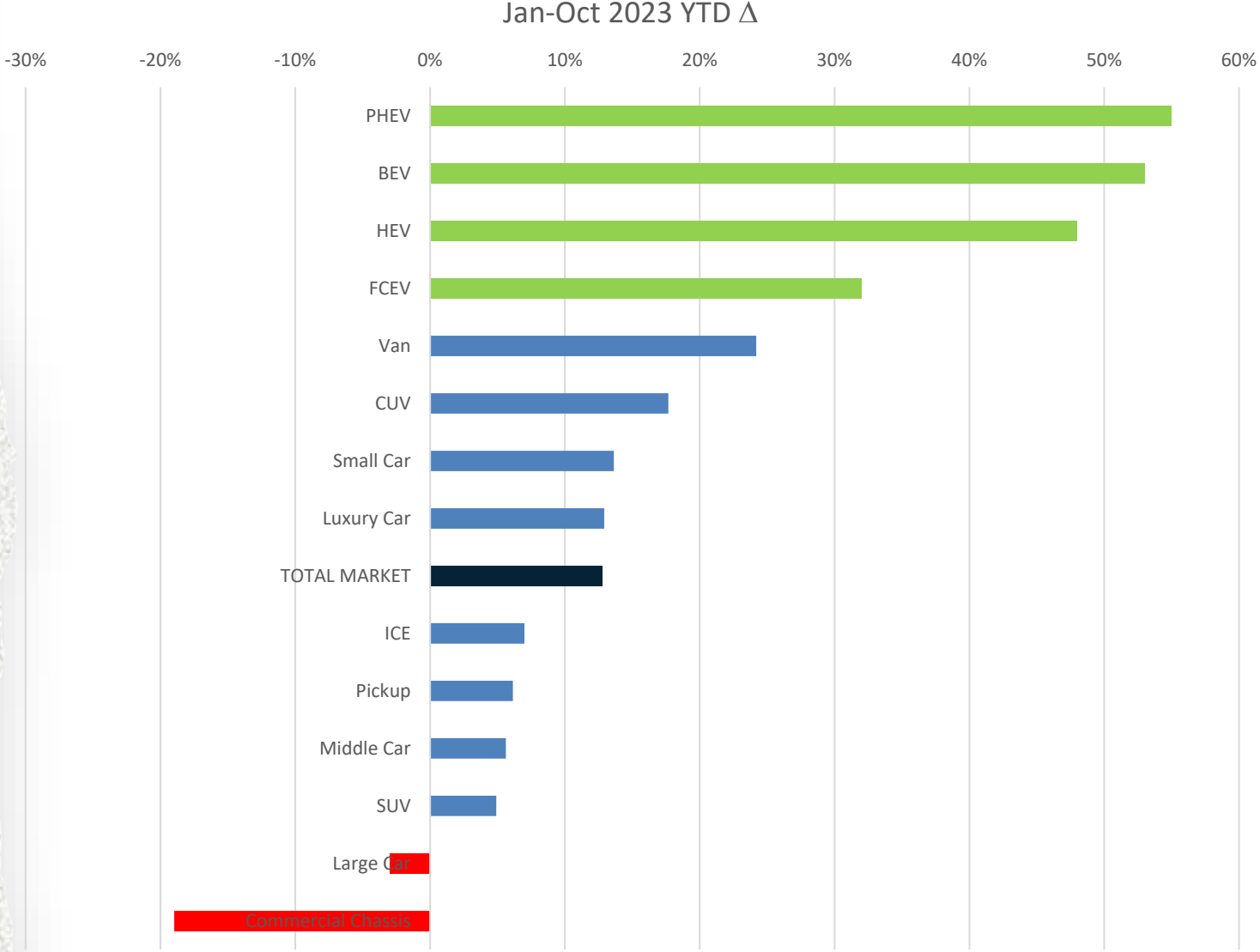
Source: Wards Informa

ICE sales growth turned negative in October, but BEVs & other electrified still growing 29% & 49% YoY pace



Source: Wards Informa

EVs are still the fastest growing segments in the U.S. market



Source: Wards Informa



OCT 2023



UAW FORD AGREEMENT

NOV 2023



UAW STELLANTIS HOURLY AGREEMENT

OCT 2023



UAW GM AGREEMENT



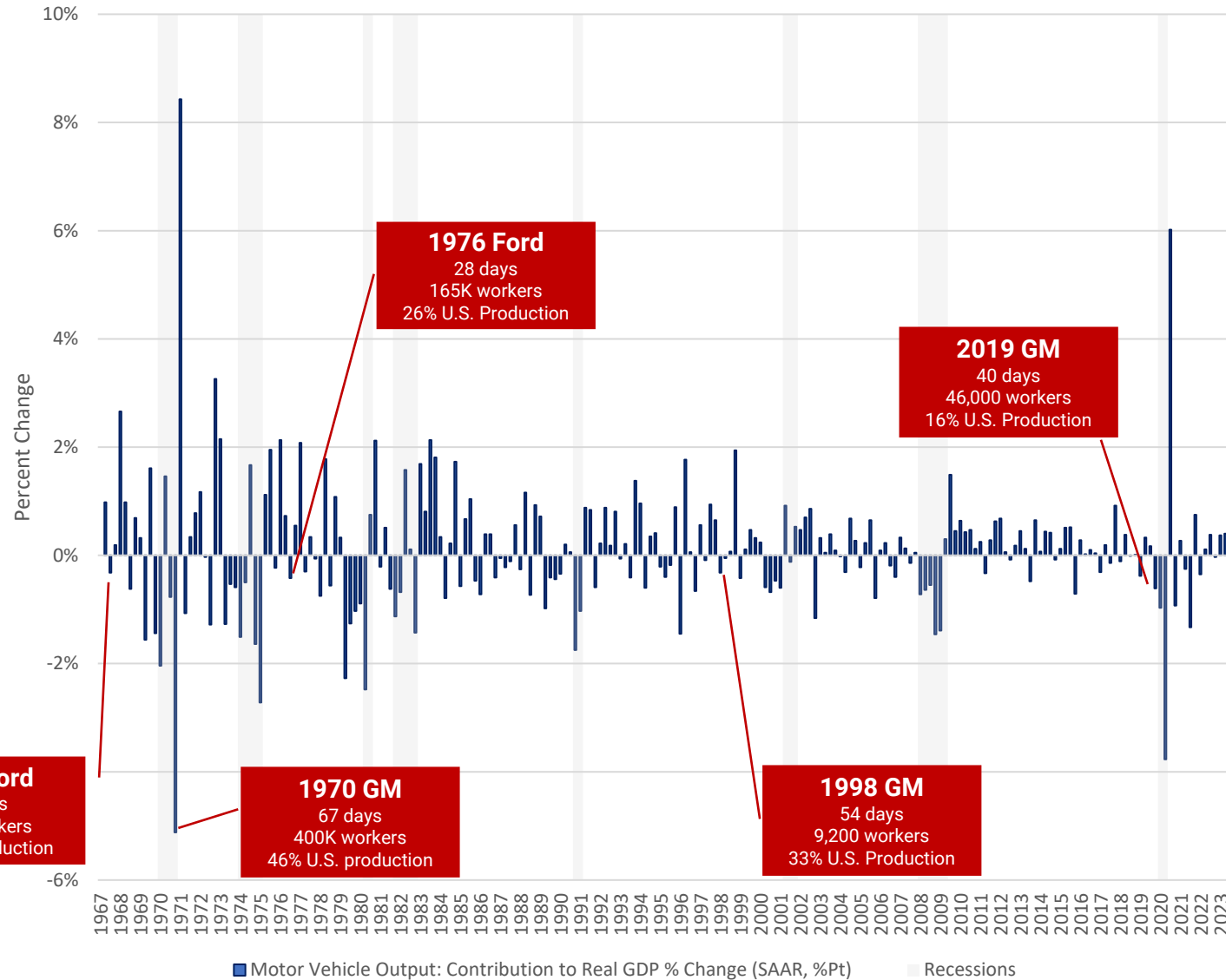
Economic Impact of the UAW Strike & Contracts

The Main Issues



Wages	36-40%	25% (27% compounded)
Tiers	<ul style="list-style-type: none"> No tiers Temps made permanent after 90-days 	<ul style="list-style-type: none"> 3-year grow-in Range of responses on tiers & temps
Inflation Protection	COLA	Restored
Signing Bonus	None requested	\$5,000 for all
Retirement	Defined benefit pension & retiree health coverage for all	Additional 401(k) contributions, pension multiplier & 401(k) to fund retiree health care
EV Transition	All battery workers at "master agreement" wages & benefits	All to some degree

Production patterns after previous strikes do not suggest large effects



Motor Vehicle Output—Contribution to Real GDP Percent Change, Seasonally Adjusted Annual Rate, 1967-2023

Plus notable UAW strikes

Source: Bureau of Economic Analysis/Haver Analytics

* Includes 28K UAW strikers at Ford, GM, & Stellantis plus 2K UAW members at the three companies idled as a result of the strike.

Supplier impact

- Accounting liquidity
- Workforce
- Factoring
- [Federal supports](#)



What We Still Don't Know:

- Strength of the production recovery—sharp “V” or more of an open “L”
- The impact of higher labor costs
 - Outsourcing/offshoring
 - Automation
 - Flow-through to other automakers, suppliers, & sectors
- Success of UAW organizing in the sector
- Longer-term consequences for future footprint, investment, & negotiations



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